MTECH

Solutions 88
Users Conference

Peter Cunningham
President
INPUT

NOTES:

ZTEC-PAC

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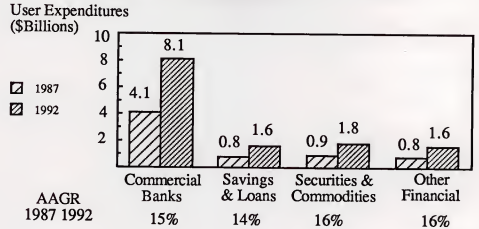
Banking and Finance Sector, Information Services by Industry, 1987 - 1992



INPUT

NOTES:

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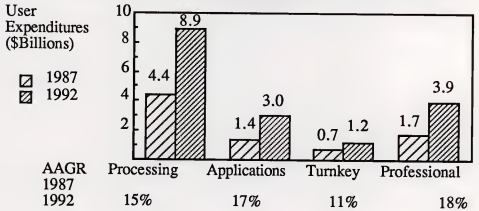
Banking and Finance Sector
Industry-Specific Information Services
Market by Delivery Mode, 1987-1992



INPUT

NOTES:

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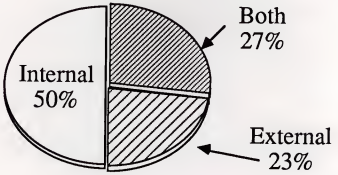
Banking and Finance Source of Development for New Major Applications



INPUT

NOTES:

MSVA-BF IV-7

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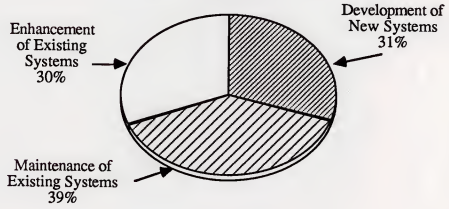
Banking and Finance Assignment of Application Development Staff



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NOTES:

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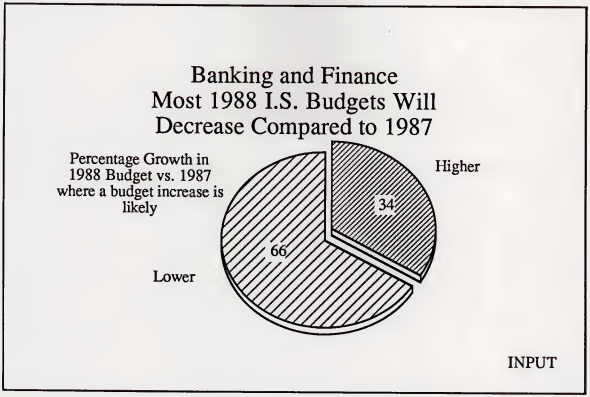

NOTES:

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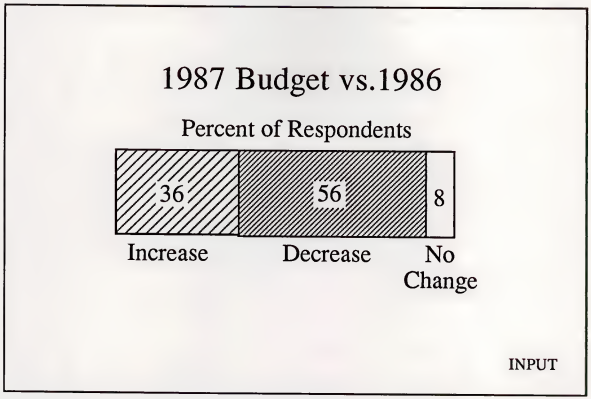

NOTES:

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Banking and Finance
Factors Contributing to Increased 1987 I.S. Budgets

(In Order of Frequency of Mentions)

- Personnel Expense
- Hardware Purchases
- Software Purchases
- Hardware Maintenance
- Facility Expansion/Enhancement
- Disaster Recovery Services
- Supplies Expense

INPUT

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Banking and Finance
Factors Contributing to Increased 1988 I.S. Budgets

(In Order of Frequency of Mentions)

- Personnel Expense
- Hardware Purchases
- Facility Expansion or Change
- Hardware Maintenance
- Communications Costs

INPUT

NOTES:

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Leading Industry-Specific
Application Software
for the
Banking and Finance
Industry

INPUT

NOTES:

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Top 10 Minicomputer Software Applications

1. Word Processing
2. General Ledger
3. Funds Transfer
4. Asset/Liability Management
5. Savings/DDA
6. Mortgage Loan Processing
7. Checking/DDA
8. Commercial/Installment Loan
9. Trust Management
10. Teller/Branch Automation

INPUT

NOTES:

MSVA-BF V-4a

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Top 10 Microcomputer Software Applications

1. Spreadsheets
2. Word Processing
3. Financial Planning
4. Asset/Liability Management
5. Graphics
6. Data Base Management
7. Strategic Planning/Decision Support
8. Loan Origination
9. Funds Transfer
10. Customer Information File

INPUT

NOTES:

MSVA-BF V-4b

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Top 10 Mainframe Software Applications

1. Checking/DDA
2. Savings/DDA
3. Certificates of Deposit
4. General Ledger
5. Commercial/Installment Loans
6. Customer Information File
7. ATMs
8 Mortgage Loan Processing
9. Teller/Branch Automation
10. Payroll Processing

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NOTES:

MSVA-BF V-4c

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President
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KEY EVENTS

- Processing Services
  - FCC Local Access Charge
- Software Products
  - Distribution: Telemarketing
  - IBM Actions
    - SAA
    - ASD

INPUT

NOTES:

MPRE-4

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KEY EVENTS
(Continued)

- Professional Services
  – Systems Integration
- Turnkey Systems
  – Direct Sales by Manufacturer
- Market
  – Mergers/Acquisitions/Alliances

INPUT

NOTES:

MPRE-5

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MACRO ISSUES

INFORMATION SERVICES

- Focusing on End User Needs (Vertical)
- Complexity Begets Customization
- Implementation Skill Mix Shortfall Begets Professional Services Boom
- Competitive Advantage Fuels Systems Integration
- Alliance Selection and Formation

INPUT

NOTES:

MPRE-6

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IBM STATUS

IN INFORMATION SERVICES INDUSTRY

- Processing Services
  - Information Network/SIS (EDI)
- Software Products
  - System Application Architecture
  - Applications System Division

INPUT

NOTES:

MPRE-7

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IBM STATUS

INFORMATION SERVICES INDUSTRY
(Continued)

- Professional Services
  - Systems Integration
  - Segment Focus
- Turnkey Systems
  - Serious Evaluation!

INPUT

NOTES:

MPRE-8

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IBM AND DEC:
ANALYSIS
AND
OPPORTUNITIES

INPUT

NOTES:

MPRE-23

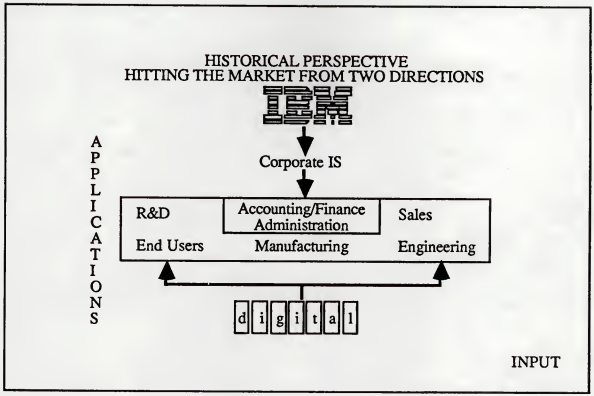
IBM VERSUS DEC

- Impact on Services
- Opportunities
- Third Party Roles

INPUT

NOTES:

MPRE-24



NOTES:

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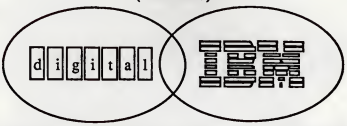
INPUT'S VIEWS
(Continued)



THEIR STRATEGIES WILL MOVE THEM CLOSER

- Processing Capability
- Connectivity
- Software & Service Offerings

INPUT

NOTES:

MPRE-26

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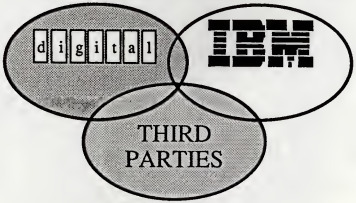
THE ROLE OF THIRD PARTIES



- Connectivity Capabilities
- Applications Software
- Data Base Management Systems

INPUT

NOTES:

MPRE-27

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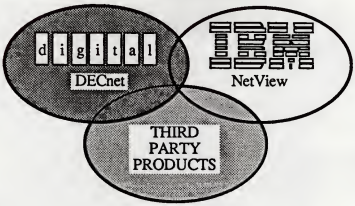
NETWORK MANAGEMENT CONNECTIVITY



INPUT

NOTES:

MPRE-28

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THE IMPACT OF THIRD PARTIES

- What IBM & DEC Don't Do, Third Parties Will
- The Three Biggest Areas in Software:
  - Connectivity Software
  - Applications Software
  - Fourth Generation Languages, Data Base and Distributed DB Systems
- Significant Products Are Available for DEC & IBM

INPUT

NOTES:

MPRE-29

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KEY PRODUCTS AND ARCHITECTURES

IBM	9370, 3090/Summit, PS/2, Silverlake Systems Applications Architecture Systems Network Architecture
DEC	VAX/VMS Product Line DECNET Network Management

INPUT

NOTES:

MPRE-30

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KEY FUTURE BUSINESS STRATEGIES

IBM	Focus on Product Integration Open Communications Cooperative Development
DEC	Continue Unified Product Architecture Upward Expansion of VAX/VMS Re-entry into Micro
BOTH	Software and Services Systems Integration Services

INPUT

NOTES:

MPRE-31

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IBM REVENUE GROWTH

SOURCE	(Percent) 1983	1984	1985	1986	1987
Sales	38.4	27.8	15.6	(0.6)	5.8
Services	19.4	25.1	20.1	28.0	14.3
Rentals	(17.0)	(28.7)	(37.4)	(25.5)	(20.7)
Total Revenue	16.9	14.3	9.0	2.4	5.8

Net of Currency Gains for 1987: (1.0)

INPUT

NOTES:

MPRE-32

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IBM GROSS PROFIT GROWTH

SOURCE	(Percent) 1983	1984	1985	1986	1987
Sales	33.5	28.5	12.2	(7.3)	5.2
Services	23.3	26.1	30.2	28.7	9.3
Rentals	(15.0)	(28.1)	(40.3)	(29.1)	(31.0)
Gross Profit	15.0	13.6	7.2	(1.4)	3.7

Net of Currency Gains for 1987: 1.6

INPUT

NOTES:

MPRE-33

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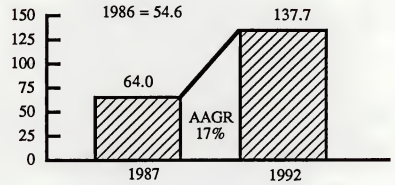
INFORMATION SERVICES MARKET
($ Billions)



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NOTES:

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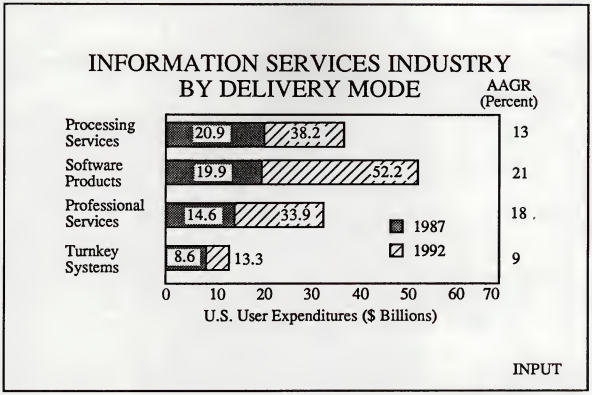

NOTES:

MPRE-41

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"HOT" VERTICALS BY AAGR: USER EXPENDITURES

MARKET	$ BILLIONS			AAGR (PERCENT)
	1986	1987	1992	
Telecommunications	0.7	0.9	2.0	19
Transportation	0.5	0.6	1.4	17
State and Local Gov't	0.6	0.8	1.6	15

INPUT

NOTES:

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"HOT" VERTICALS BY SIZE: USER EXPENDITURES

MARKET	$ BILLIONS			AAGR (PERCENT)
	1986	1987	1992	
Banking/Finance	5.6	6.5	13.1	15
Discrete Manufacturing	3.3	3.8	6.9	13
Medical	2.1	2.5	5.1	15

INPUT

NOTES:

MPRE-43

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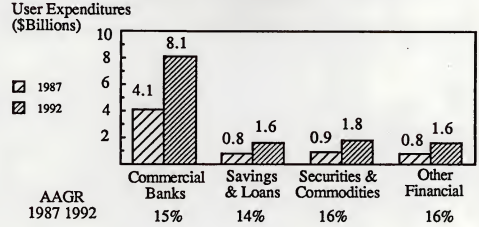
BANKING
AND
FINANCE

INPUT

NOTES:

Banking and Finance Sector, Information Services by Industry, 1987 - 1992



INPUT

NOTES:

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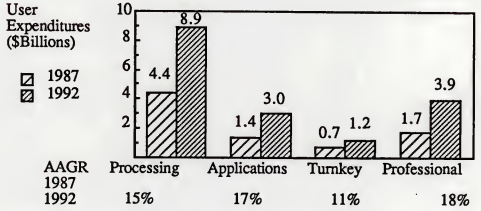
Banking and Finance Sector
Industry-Specific Information Services
Market by Delivery Mode, 1987-1992



INPUT

NOTES:

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BANKING AND FINANCE
DRIVING FORCES

- Loan Portfolio Risk
- Cost Reduction
- Merger and Acquisition
- Product Opportunities
- Use of Technology/Conversion from Paper
- Deregulation

INPUT

NOTES:

MPRE-45

BANKING AND FINANCE ISSUES

- New Services or Product Requirements, Particularly for New Revenue Opportunities Cannot Be Met Rapidly Enough.
- Need for an Integrated Information Architecture.

INPUT

NOTES:

MPRE-46A

BANKING AND FINANCE ISSUES (Cont.)

- Growing Demand for Electronic Information Delivery Systems.
- Merger Acquisition Activity that Favors Consolidation of Data Centers, Software, and IS Staff within Affected Institutions.

INPUT

NOTES:

BANKING AND FINANCE ISSUES (Cont.)

- The Creation of Overcapacity in a Desire to Upgrade Systems.
- Possible Decrease of Costs through a Shift of Work to External or Shared Processing Facilities.
- Growing Importance of Computer System Security.

INPUT

NOTES:

BANKING AND FINANCE OBJECTIVES

- Cost Containment.
- Handle Expanding or Changing System Requirements for Products more Rapidly
- Improve Information Delivery within Institutions and to Customers.
- Respond to Regulatory Requirements.

INPUT

NOTES:

MPRE-47

BANKING AND FINANCE
IMPACT OF TECHNOLOGY

	IMPACT	COMMENTS
End-User Computing	Medium	Growing in Larger Banks.
Departmental Processing	Medium	Applications and OA are now Being Done on Departmental Computing Systems in Large Banks.

INPUT

NOTES:

MPRE-48A

BANKING AND FINANCE
IMPACT OF TECHNOLOGY (Cont.)

	IMPACT	COMMENTS
Connectivity	High	Connectivity Required to Serve Marketing, Contact and Planning Needs.
Relational Data Bases	Low	Larger Banks are Interested.

INPUT

NOTES:

MPRE-48B

BANKING AND FINANCE
IMPACT OF TECHNOLOGY (Cont.)

	IMPACT	COMMENTS
Voice/Data Integration	Medium	While Viewed as Important, Connectivity Outranks Voice/Data Integration Needs.
LANs	Medium	Usage has Grown.

INPUT

NOTES:

MPRE-48C

BANKING AND FINANCE
IMPACT OF TECHNOLOGY (Cont.)

	IMPACT	COMMENTS
CD-ROM	Low	Will be Introduced for Storage of Data for Occasional Retrieval.
Use of AI	Low	Will be Introduced in Credit and Investment Evaluation and in ATM Interaction.

INPUT

NOTES:

MPRE-48D

BANKING AND FINANCE
AREAS OF
NEW TECHNOLOGY INTEREST

- Connectivity
  - Wide Area Networks
  - Medium Area Networks
  - Control of Shared Data

INPUT

NOTES:

MPRE-49A

BANKING AND FINANCE AREAS OF NEW TECHNOLOGY INTEREST (Cont.)

- End-User Computing
  - Interaction with Corporate Data Base through Microcomputers and Distributed Minicomputers
  - Data Integrity
  - Data Security
  - Utilization of CASE
- Use of AI in Credit, Investment and ATM Interfaces

INPUT

NOTES:

MPRE-49B

BANKING AND FINANCE EMPHASIS IN 1987

- International Lending, Foreign Exchange Trading and Foreign Debt Monitoring and Restructuring
- Integrated Retail and Wholesale Deposit System

INPUT

NOTES:

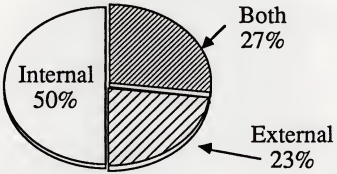
BANKING AND FINANCE EMPHASIS IN 1987 (Cont.)

- Securities Processing and Analysis for Trading Puposes and Portfolio Management
- Converting Central Files to Data Base Management System
- Electronic Data Interchange and Distribution

INPUT

NOTES:

Banking and Finance Source of Development for New Major Applications



INPUT

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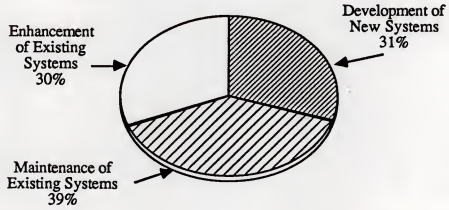
Banking and Finance Assignment of Application Development Staff



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NOTES:

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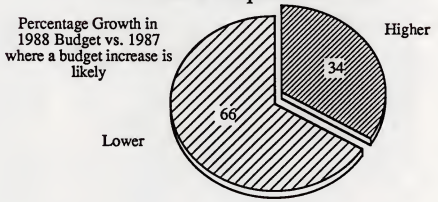
Banking and Finance
Most 1988 I.S. Budgets Will Decrease Compared to 1987



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NOTES:

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1987 Budget vs.1986

Percent of Respondents

INPUT

NOTES:

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Banking and Finance
Factors Contributing to Increased 1987 I.S. Budgets

(In Order of Frequency of Mentions)

- Personnel Expense
- Hardware Purchases
- Software Purchases
- Hardware Maintenance
- Facility Expansion/Enhancement
- Disaster Recovery Services
- Supplies Expense

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Banking and Finance
Factors Contributing to Increased 1988 I.S. Budgets

(In Order of Frequency of Mentions)

- Personnel Expense
- Hardware Purchases
- Facility Expansion or Change
- Hardware Maintenance
- Communications Costs

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Leading Industry-Specific
Application Software
for the
Banking and Finance
Industry

INPUT

NOTES:

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Top 10 Minicomputer Software Applications

1. Word Processing
2. General Ledger
3. Funds Transfer
4. Asset/Liability Management
5. Savings/DDA
6. Mortgage Loan Processing
7. Checking/DDA
8. Commercial/Installment Loan
9. Trust Management
10. Teller/Branch Automation

INPUT

NOTES:

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Top 10 Microcomputer Software Applications

1. Spreadsheets
2. Word Processing
3. Financial Planning
4. Asset/Liability Management
5. Graphics
6. Data Base Management
7. Strategic Planning/Decision Support
8. Loan Origination
9. Funds Transfer
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INPUT

NOTES:

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Top 10 Mainframe Software Applications

1. Checking/DDA
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3. Certificates of Deposit
4. General Ledger
5. Commercial/Installment Loans
6. Customer Information File
7. ATMs
8 Mortgage Loan Processing
9. Teller/Branch Automation
10. Payroll Processing

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